54 Cal. 339; *Ralston* v. *Bank of California,* 112 Cal. 208; *Daggett* v. *Davis,* 53 Mich. 35; *Budd* v. *Multnomah Co.,* 12 Ore 271; *Rio Grande Co.* v. *Burns, Walker & Co.,* 82 Tex. 50.

CORPORATIONS—CARE REQUIRED OF CORPORATE DIRECTORS.—A director of a Building and Loan Association, recommended a loan on property already incumbered by a mortgage under his control in his personal capacity. He made no inquiry in regard to the property and was ignorant that it was the same property which was incumbered. An article of the Association stated that "No money shall be loaned on property already incumbered." There was no charge, nor proof of fraud, embezzlement, or wilful misconduct nor breach of trust for the beenfit of the director, nor a mistake of judgment but mere inattention and negligence which made possible fraud perpetrated by another officer of the Association. *Held,* that the director was guilty of such negligence as renders him liable for the loss which was occasioned to the Association by the reason of his failure to act. *Four Corners Building & Loan Association of Newark* v. *Schwarzwaelder* (N. J. Chancery, 1917), 101 Atl. 564.

This case broadens the scope of the existing law in New Jersey which has been expressed in the cases of *Williams* v. *McKay,* 46 N. J. Eq. 25 and in *Gerhard* v. *Welsh,* 80 N. J. Eq. 203; that the duty of bringing to their office (that of a director), ordinary skill and vigilance was none the less exacting though they were unpaid servants. They became engaged to carry on the business of the corporation in the same way that men of common prudence and skill conduct a similar business for themselves. Honesty of intention will not excuse imprudence or indifference. The instant case goes further and holds that apart from any wilful act, a director is held responsible when he performs an act which under all the circumstances he is bound *not* to perform or that he does not perform an act which under all the circumstances he is bound *to* perform. The United States Supreme Court has given great lee-way to the directors and has held that they are liable only for fraud or for such gross negligence as amounts to fraud. *Briggs* v. *Spaulding,* 141 U. S. 132. Pennsylvania courts have gone further, and have held that where the directors have not sought to make any personal profit there is a strong presumption negativing negligence. They are likened unto a gratuitous bailee who is liable only for failure to exercise a slight degree of care. *Swentzel* v. *Penn. Bank,* 147 Pa. St. 140. The principal case expresses the best line of authority and states the rule to be that such officers must exercise ordinary care, *i. e.,* that care which every man of common prudence and discretion takes of his own concerns. This decision is of great interest to the investor and will act as a stimulus to the market. Cf. *Bank* v. *Hill,* 56 Me. 385; *Marshall* v. *Bank,* 85 Va. 676; *Warren* v. *Robison,* 19 Ut. 289.

CORPORATIONS—MAJORITY OF STOCKHOLDERS ALIEN ENEMIES LIVING IN ENEMY COUNTRY—RIGHT OF CORPORATION TO SUE.—In an action by the plaintiff, a corporation organized under the laws of the state of New Jersey, with 94% of its capital stock owned by a German corporation and a German citizen resident in Germany, defendant filed a motion to stay the plaintiff from fur-